



Title: I, Payroll/Personnel Manual
Chapter: 28, Section 2, Tax Formulas (TAXES)
Bulletin: TAXES 03-30, Earned Income Credit (EIC)
Date: December 23, 2003
To: Holders of the Payroll/Personnel Manual
Personnel User Groups
Personnel Officers
Agency Personnel Offices
Fiscal Officers

Beginning with wages paid for Pay Period 25, the following changes will be made to the Earned Income Credit (EIC) advance payment formula:

- The maximum limit on year-to-date earnings to be eligible for an EIC payment changed from \$29,666 to \$30,338 for Single/Head of Household/Widow(er) filers and the maximum limit for Married filers changed from \$30,666 to \$31,338.
- The maximum annual EIC payment has changed from \$1,528 to \$1,563 for employees filing Single/Head of Household/Widow(er) or Married Without Spouse Filing Certificate.
- The maximum annual EIC payment has changed from \$764 to \$781 for employees filing as Married With Both Spouses Filing Certificates.
- The EIC tables changed for employees filing as Single/Head of Household/Widow(er), Married Without Spouse Filing Certificate, and Married With Both Spouses Filing Certificates.

Also, the earned income tax credit for 2004 will increase to \$5,100 for a qualified individual with no children, to \$7,600 for a qualified individual with one child, and to \$10,750 for a qualified individual with two or more children.

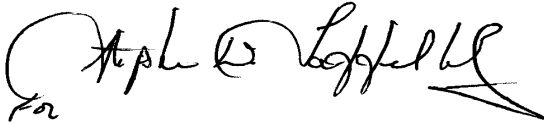
To view and/or print the updated EIC advance payment formula, go to the National Finance Center (NFC) home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then at the Pubs & Forms page left-hand menu, click **Tax Formulas** and select **Federal** from the map provided. Changes to the tax formula are identified by “►◄”.

W-5, Earned Income Credit Advance Payment Certificate

Employees eligible for EIC payments for CY 2004 must submit a new W-5. W-5s for CY 2003 expire December 31, 2003, with payments for Pay Period 24. A W-5 filed for 2003 does not extend EIC payments for CY 2004. EIC payments for 2004 commence with the pay period in which the W-5s are received.

Inquiries

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630** . Refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at *customer.support@usda.gov*. Refer questions about this bulletin to **504-255-5322** or via e-mail at *nfc.pvct@usda.gov*.

A handwritten signature in black ink, appearing to read "Howard P. Tamborella", with a stylized flourish at the end.

HOWARD P. TAMBORELLA, Acting Director
Government Employees Services Division

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Earned Income Credit (EIC) Advance Payment Information

►(Effective Pay Period 25, 2003)

Use the following steps to calculate the EIC payment. **Note:** Once the employee's year-to-date Medicare (HITS) wages paid reach **\$30,338** or more for **single, head of household, or widow(er)** filers or **\$31,338** or more for **married** filers, the EIC payment is \$0.00.

1. Multiply biweekly Medicare (HITS) wages times 26 to obtain the annual HITS wages.
2. If the employee (**single, head of household, or qualifying widow(er)**) is filing for EIC advance payment, apply the annual wages to the following table :

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:		
Over:	But Not Over:			Of Excess Over:
\$ 0	\$ 7,660.00	\$ 0 plus	20.400%	\$ 0
7,660.00	14,040.00	1,563.00		
14,040.00	30,341.63	1,563.00 less	9.588%	14,040.00
30,341.63	and over	0		

3. If the **married employee (not spouse)** is filing for EIC advance payment, apply the annual wages to the following table:

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:		
Over:	But Not Over:			Of Excess Over:
\$ 0	\$ 7,660.00	\$ 0 plus	20.400%	\$ 0
7,660.00	15,040.00	1,563.00		
15,040.00	31,341.63	1,563.00 less	9.588%	15,040.00
31,341.63	and over	0		

4. If the **married employee and spouse** are filing for EIC advance payment, apply the annual wages to the following table:

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:		
Over:	But Not Over:			Of Excess Over:
\$ 0	\$ 3,830.00	\$ 0 plus	20.400%	\$ 0
3,830.00	7,520.00	781.00		
7,520.00	15,665.60	781.00 less	9.588%	7,520.00
15,665.60	and over	0◀		

5. Divide the annual EIC advance payment amount by 26 to obtain the biweekly EIC advance payment amount.